

A Holiday Shopping Season Guide to Protecting Your Credit Card

Last year, during the height of the holiday shopping season, hackers stole more than 40 million credit and debit card numbers when they breached Target's payments system. More data breaches followed, including a six-month cyber attack on Home Depot, which compromised 56 million payment cards.

So, who's excited to use their credit cards this holiday season?

What You Need to Know About Shopping & Data Breaches

Several retailers were in the news in the past few months for data breaches, but that doesn't make those places more or less safe to shop (though a recent survey by Annalect, a market research firm, says 12% of people said they stopped shopping at retailers who have been breached). The truth is you're at risk of becoming a data breach or identity theft victim no matter where you shop, unless you never shop online, use only cash and share no personal information (name, address, phone number, email address) with retailers.

Avoiding certain stores isn't a strategy for data safety, but there are plenty of choices you can make to better protect yourself from breach-related fraud and identity theft.

Choose Your Payment Method Wisely

There are risks to every payment method, so your choice depends on what makes you comfortable:

Cash

- Pro: If any retailers you shop at are hit with a payment systems data breach, your money isn't at risk.
- Con: If someone steals your wallet, you're never getting that money back.
- Pro: You're far less likely to overspend when using cash, because you're limited to spending what you're carrying.
- Con: If you run out of cash, you may need to run to an ATM and risk incurring expensive ATM fees.

Credit Cards

- Pro: You can only be held liable for up to \$50 of fraudulent purchases (\$0 if the card wasn't present when used fraudulently i.e. online shopping).
- Con: Credit cards are more likely to be fraudulently used than debit cards. It's easy for someone to make purchases or manufacture a new card with your card number, expiration date and security codes.
- Pro: If you have a rewards card, you have an opportunity to earn rewards for purchases made during the holiday shopping season.
- Con: Not everyone has credit cards. If you have one, you could be tempted to run up a balance, and it can take a while to pay off credit card debt.

Debit Cards

- Pro: There are consumer protections against unauthorized activity.
- Con: You can be held liable for \$50, \$500 or the whole amount of fraudulent purchases, depending on how quickly you report the theft.
- Pro: These offer the convenience of plastic as well as the spending limits of cash.
- Con: If your card or data is stolen and used, you may not have access to money you're counting on having in your checking account, even if you'll eventually get some or all of it back.

If one of your payment cards has chip-and-PIN technology, consider using that card this shopping season. They can still be compromised, but many experts consider them much more secure than cards with only magnetic stripe technology.

Check Your Account Activity

If you prefer to use a credit or debit card, you should closely follow the transactions as they hit your account. You can easily review your account activity each day by spending a few minutes in your online accounts or on your financial service provider's mobile application. If you're doing this regularly, you'll immediately spot an unauthorized transaction, so you can cut off the thief and prevent further damage.

Other ways to watch out for fraud include setting up transactional alerts through your bank or credit card issuer, that way you don't have to log into your account every day, you just receive texts or emails whenever your card is used or when a transaction above a certain dollar amount hits your account. You can also check your credit scores for a sudden drop, which may indicate someone is using your credit card or identity to run up balances in your name. You can get two of your credit scores for free every month on Credit.com.

Keep Track of Your Cards

Thieves are sneaky. People are also careless. Together, that's a recipe for theft. Don't leave your cards lying around in your car or in transparent bags. Don't make a purchase over the phone within earshot of someone else. Don't leave your card on the counter as you punch in your PIN at the checkstand, inviting someone to look over your shoulder and copy the information.

If you're planning on opening new cards to use during the holidays or if you have cards you only use this time of year, make sure you're checking those statements and keeping them in a secure spot, like a safe, when they're not in use. Whether you've applied for a new card or are expecting a replacement soon, pay attention to the mail, so someone doesn't intercept it without you noticing.

Don't let data security worry you this holiday season, but make sure you're making smart choices. Data breaches are likely to happen, and you only have control over how you handle it. As long as you're paying attention, you should be able to protect yourself from financial damage in the event your payment information is compromised.